

March 4, 2013

Testimony -- the Town of Somers

First Selectwoman Lisa Pellegrini

To: Members of the Finance, Revenue & Bonding Committee

I am writing to express my concerns **with Senate Bills 843**, before you today, as it would implement several initiatives outlined in the Governor's proposed state budget. Such proposals would impose **a significantly negative impact on the Town of Somers** and the residents that have come to expect a certain quality of living in our small town.

Specifically, SB 843 would eliminate the payment-in-lieu-of-taxes (PILOT) program for state-owned property, which would cost municipalities \$74 million statewide. The fundamental purpose of the PILOT program is to partially reimburse host municipalities for the loss of property tax revenue due to the state-mandated property tax exemption on state-owned real property. The Town of Somers is host to two state prisons. Somers' first responders are the primary emergency response services to these state facilities – yet, SB 843 would eliminate reimbursements to Somers and instead fold the funding into the restricted Education Cost Sharing (ECS) grant. While the perception is that municipalities would be 'held harmless'...the reality is that the Town of Somers' services to these state facilities would continue – yet, state aid normally used to pay for the operational costs of protecting these prisons because said property is mandated to be tax exempt, would come back to the town under a more restrictive, state education grant.

Making matters worse, Sections 15-17 of SB 843 would eliminate the motor vehicle property tax on vehicles assessed at \$20,000 (full value of \$28,571 or less), except for rental cars, beginning in FY15. Projected municipal revenue loss is expected to exceed \$700 million statewide. **The Town of Somers would lose approximately \$1.8 million dollars – leaving no other option but to raise property taxes on business and homeowners** (*see attached spreadsheet for further analysis*). While there is little disagreement over the inequity of the motor vehicle tax – towns and cities, particularly Somers – should not be forced over a fiscal cliff as PILOTs are eliminated, and other significant municipal aid is shifted to capital-specific projects.

In sum: Senate Bill 843 would raise property taxes and significantly damage the partnership Somers and the State of Connecticut have cultivating for decades.

I urge the Committee to oppose provisions of Senate Bill 843 that would implement these negative fiscal and policy implications on the Town of Somers.

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Tax Loss Based on Governor Malloy's Proposal							
	# of Vehicles	Assessment	Tax @ 23.12 (2012 Mill Rate)	Tax @ 24.12	Tax at 25.12	Tax @ 26.12	Tax @ 27.12
	2011 Supplemental & 2012 Regular MV List Combined						
Balance after 20,000 Exemption	619	3,906,827	\$ 90,325.84	\$94,232.67	\$98,139.49	\$102,046.32	\$105,953.15
Exempt	11,481	79,341,148	\$1,834,367.34	\$1,913,708.49	\$1,993,049.64	\$2,072,390.79	\$2,151,731.93
Loss Expressed in Mills			2.21	2.31	2.40	2.50	2.60